

# NEWS

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Release No. 0396.97

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## GLICKMAN ANNOUNCES SUPPORT OF STB DECISION ON RAIL SERVICE AND ACTIONS TO ALLEVIATE SHIPPING PROBLEMS

WASHINGTON, Nov. 7, 1997--Agriculture Secretary Dan Glickman today announced his support for the emergency action taken by the Surface Transportation Board to ease rail congestion in the western United States and announced measures being taken by USDA to alleviate shipment disruptions.

The STB has directed the Union Pacific/Southern Pacific railroad to allow other rail carriers to provide service over UP/SP lines in the South Texas area to relieve congestion. The Board also has accepted Glickman's recommendation that additional information be required of the railroad so that agricultural interests can determine whether service to agricultural shippers is actually improving.

"We hope that the emergency action the STB took in the South Texas area begins to alleviate some of the serious car shortage and railroad service problems in the major grain producing areas of the Midwest which have led to grain storage problems," Glickman said.

"Storage problems are the most severe in Kansas, where as much as 20 million bushels of sorghum and corn are being stored on the ground," he said. "Requiring the UP/SP to submit the data we requested certainly gives agricultural interests more of an ability to monitor whether railroad service to agricultural shippers is actually improving."

The actions being taken to alleviate disruptions and reduce transportation demand pressures include: extensions of delivery times for commodities purchased by CCC under food donation programs, approval of emergency storage for Commodity Credit Corporation controlled grain, and improvements in the timeliness of federal grain inspections at loading facilities.

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Glickman said he also has sent a letter to the chief executives of major U.S. railroads expressing his serious concerns about the current problems and the long term ability of the rail system to meet the demands of the agricultural sector. "With the next millennium just around the corner, it is time that we all begin to give more careful consideration to the long term transportation needs of the nation's agricultural shippers."

Glickman said he has instructed Micheal V. Dunn, assistant secretary for marketing and regulatory programs, to develop a comprehensive, multi-faceted plan that will address the long term transportation needs for all agricultural commodities.

"Reliable and cost-effective railroad service is essential for U.S. agricultural producers and shippers to compete in domestic and international markets," Glickman said. "Nearly half of all grain produced in the United States moves to market by rail, and agricultural shippers pay over \$3 billion annually in rail freight costs."

UP/SP has been plagued by operating problems as it attempts to integrate the Union Pacific and Southern Pacific systems following a 1996 merger. Service problems include the inability to provide adequate grain cars and shortages of locomotives and train crews. These problems are causing grain to be stored on the ground, are causing delays in feed deliveries to livestock producers, and are limiting the ability of shippers to move grain to export positions.

USDA also announced that distress loan programs may be initiated by state Farm Service Agency committees where grain cannot move to terminal markets and sufficient local storage space is not available. Distress loans are recourse loans for a maximum loan quantity of 75 percent of the eligible quantity and mature no later than 90 days after disbursement. Producers may repledge loan collateral before maturity as a 9-month loan by repaying the distress loan at principle plus interest and moving the loan collateral into eligible farm or warehouse storage.

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